IN THE

# SUPREME COURT OF THE UNITED STATES.

No. 174. October Term, 1940.

UNITED DRUG COMPANY,
Defendant-**Petitioner**,

v.

OBEAR-NESTER GLASS COMPANY,
Plaintiff-**Respondent**.

## PETITION FOR WRIT OF CERTIORARI
and
## BRIEF IN SUPPORT THEREOF.

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## SUBJECT INDEX OF PETITION.



### Cases Cited.

**Statutes, Etc., Cited.**

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## PETITION FOR WRIT OF CERTIORARI.

TO THE HONORABLE, THE CHIEF JUSTICE AND ASSOCIATE JUSTICES OF THE SUPREME COURT OF THE UNITED STATES:

Your petitioner, United Drug Company, prays for a writ of certiorari to the United States Circuit Court of Appeals for the Eighth Circuit, to review

1) the decision of May 13, 1940 of that Court (R. pp. 108-113, and reported in ... F. (2d) ... and 45 U. S. P. Q. 510) and

2) the judgment of that Court entered May 13, 1940 (R. 113),

holding respondent's registered trade-mark REX infringed by petitioner's sales of prescription bottles bearing the imprint **The Rexall Store, solely to the Rexall Stores, whose name they bear;** without an iota of evidence that any confusion has ever resulted or ever will result, and exactly contrary to the only evidence on the subject;

which decision and judgment of said Circuit Court of Appeals in the case at bar are:

1) in direct conflict with the decision of this Court in **Hanover Star Milling Company v. Metcalf,** 240 U. S. 403; and

2) in direct conflict with the decision of this Court in **United Drug Co. v. Theodore Rectanus Co.,** 248 U. S. 90; and

3) in direct conflict with the decision of this Court in **Prestonettes, Inc. v. Coty,** 264 U. S. 359;

all of which decide and determine the precise point of law involved in the case at bar; said decisions holding that a person's inherent right to carry on business cannot be abridged or enjoined on the ground of trade-mark infringement in the absence of confusion in trade.

This petition is accompanied by a certified transcript of the record in the case at bar, including the proceedings in the Court to which the writ is asked to be directed (Rule 38(1) of this Court); together with ten copies of the record (Rule 38 (7) of this Court).

Notice of the filing of this petition, together with a copy of this petition, printed record and supporting brief, are being served by the petitioner on counsel for the respondent, and due proof of service is being filed with the Clerk of this Court (Rule 38(3) of this Court).

## SUMMARY AND SHORT STATEMENT OF THE MATTER INVOLVED.

Plaintiff-respondent, Obear-Nester Glass Company, sued defendant-petitioner in the present proceeding alleging infringement of respondent's registered trade-mark REX (R. 3, offered at R. 2, paragraph 3) for prescription bottles, by the sale by petitioner of empty prescription bottles imprinted **The Rexall Store** (R. 7, decree section 2).

Petitioner's sales were **solely** to the so-called **Rexall Stores** (R. 7, decree section 2, first sentence).

Petitioner manufactures products for sale by drug stores known as **Rexall Stores.** The number of **Rexall Stores** has grown from some forty in 1903 to more than thirteen thousand in 1937 (R. 13-14, paragraph 18).

At present, **Rexall Stores** are located in all forty-eight states of the United States, and the District of Columbia, and many foreign countries (R. 14, paragraph 19).

Of the more than thirteen thousand **Rexall Stores**, about ninety-five percent. are not owned by petitioner, but petitioner maintains contractual relations with the individual owners, under two types of contracts, reproduced at R. 15 and 17.*

In general, the above forms of contract, with various modifications have been in use by the petitioner or its predecessors and the thousands of **Rexall Stores** since the founding of the original United Drug Company, petitioner's predecessor, in 1902 (R. 18, lines 1-4).

Petitioner owns many registrations of its trade-mark **The Rexall Store** (R. 18, paragraph 20; and see the registrations at R. 65-87).

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*R. 13, paragraph 18, tabulates the Liggett Stores and Owl Stores, totaling some five hundred and seventy-nine, owned and operated by subsidiary corporations of petitioner. None of the rest of the more than thirteen thousand *Rexall Stores* are owned by petitioner (R. 13, paragraph 18, lines 5-6).

Petitioner also owns many registrations of trade-marks REX and REXALL (R. 18, paragraph 21, and see the registrations at R. 19-63).

Petitioner has always advertised **The Rexall Stores** by using the phrase **The Rexall Stores** or variations and equivalents thereof, on products sold by petitioner to **Rexall Stores** for retailing by **Rexall Stores** (R. 89, paragraph 23, and the collection of cartons and labels, Dft. Exh. 4 and 5, there mentioned, said exhibits being transmitted as physical exhibits pursuant to the Court order at R. 106).

Petitioner's defense is based upon the decisions of this Court in the Hanover, Rectanus and Coty cases, supra, each of which holds that for trade-mark infringement there must be proof in the record that a purchaser who buys goods carrying the accused mark

1) believes them to be the goods of the other party to the suit; or

2) that there is likely to be such belief;

both of which essentials are admittedly lacking in the proof at bar.

There is not in the present record even a vestige of any proof that any purchaser bought petitioner's goods believing them to be respondent's, or that there is any likelihood of such confusion; though this Court has held in the Hanover, Rectanus and Coty decisions that such proof is requisite.

In the case at bar, not only is there an utter absence of proof that any purchaser is likely to buy petitioner's goods because he thinks they are respondent's goods, but respondent's vice-president specifically admitted* that the accused phrase **The Rexall Store** on petitioner's bottles

*R. 93, paragraph 34.

means that the bottles are to contain something sold by a **Rexall Store**. In other words, the only evidence on the issue of confusion is this admission by respondent's vice-president that the petitioner's marking means just what it says and just what it is intended to mean, namely, that the bottle is intended to contain something sold by the only stores to whom petitioner sells such bottles, namely, **Rexall Stores.**

The Circuit Court of Appeals in the case at bar completely ignored the essential requirement established by this Court in the Hanover, Rectanus and Coty cases, and in effect held that the petitioner was guilty of trade-mark infringement in selling **The Rexall Store** bottles solely to **Rexall Stores**, even though there was no confusion in the mind of any purchaser, and although it was perfectly obvious to all purchasers (**Rexall Stores** only) to whom the petitioner sold such bottles, that such purchasers were getting goods bearing petitioner's trade-mark **The Rexall Store** as a designation of the **contents** which the bottles would contain when in due course sold at retail.

## JURISDICTION.

The jurisdiction of this Court to grant the writ of certiorari to review the decision and judgment is given by the following statutes:

1) This suit was instituted under U. S. Code, Title 15, Section 96 (R. 2, paragraph 3).

2) U. S. Code, Title 15, Section 98, provides for granting of writs of certiorari by this Court for review of such suits, in the same manner as provided by U. S. Code, Title 28, Section 347.

The relevant portions of said statutes are quoted in the annexed brief at pages 13 and 14.

## THE QUESTIONS PRESENTED.

**A Fundamental Question of Law in the Case at Bar.**

One of the questions of law in the case at bar, just as in the Hanover, Rectanus and Coty cases, supra, is whether a trade-mark owner can have a monopoly preventing sales of goods where the record shows that no confusion whatever exists or is likely to arise.

**This Court's Previous Decisions Are on Law the Same As Is Presented by the Case at Bar.**

This Court in the recent Hanover, Rectanus and Coty cases, supra, held that a trade-mark owner could **not** thus throttle legitimate competition in the absence of proof that the competition was causing purchasers of the accused goods to believe they were buying the goods of said owner.

The record at bar contains no such proof, though the petitioner has sold the accused bottles since 1931. R. 6, paragraph 10.

Respondent's scheme and attempt to so monopolize the sale of **The Rexall Store** prescription bottles without a vestige of proof of confusion, and in the face of its own vice-president's admission* that the accused marking means something utterly foreign to respondent, is illegal under the rule of this Court in said recent Hanover, Rectanus and Coty cases, supra.

**The Decisions of this Court in the Hanover, Rectanus and Coty Cases.**

These are quoted and discussed at length in the annexed brief at pages 18-22, to which we respectfully refer the Court, in the interest of brevity.

Notwithstanding the above clear law, the decision

*R. 93, paragraph 34.

(C. C. A. 8) at bar enjoins petitioner from selling bottles bearing the imprint **The Rexall Store**, sold solely to **Rexall Stores**, without an iota of evidence that any purchaser ever thought he was buying respondent's goods instead of petitioner's.

## REASONS RELIED ON FOR THE ALLOWANCE OF THE WRIT OF CERTIORARI.

The discretionary power of this Court is invoked on the following grounds, in accordance with Rule 38 (5b) of this Court:—

1. The Circuit Court of Appeals for the Eighth Circuit has rendered an erroneous decision in the case at bar, in direct conflict with the decisions of this Court in the Hanover, Rectanus and Coty cases, supra, on the same matter, namely, that a trade-mark owner has no right to prevent competition in the absence of confusion on the part of purchasers.

3. The Court of Appeals for the Eighth Circuit has decided an important federal question, namely, an important point of law relating to registered* trade-marks, in a way which is untenable and in conflict with applicable decisions of this Court in the Hanover, Rectanus and Coty cases discussed above;

said important federal question being whether a trade-mark registrant may stifle and enjoin competition which the record shows does not bring about any confusion in any sense.

The matter here involved has been considered, in the

*Federal trade-mark registrations, such as the one at bar, are solely creations of federal statutory law, U. S. Code, Title 15, Sections 81 et al., pursuant to Article I, Section 8 of the United States Constitution.

applicable decisions, from several angles, all leading to the same result or conclusion:

1) a trade-mark is to protect the good will of a business.

2) registration of a trade-mark confers no substantive right.

3) infringement of a registered trade-mark is an infringement upon the good-will of a business, by causing purchasers to believe they are buying the registrant's goods when in fact they are buying the infringer's goods.

4) Admittedly no such infringement exists here, and yet petitioner has been held guilty, in direct conflict with this Court's decisions in the Hanover, Rectanus and Coty cases.

WHEREFORE, your petitioner respectfully prays that a writ of certiorari be issued under the seal of this Court, directed to the United States Circuit Court of Appeals for the Eighth Circuit, sitting at St. Louis, Mo., commanding said Court to certify and send to this Court, on a date to be designated, a full and complete transcript of the record and all proceedings of the Circuit Court of Appeals had in this cause, to the end that this cause may be reviewed and determined by this Court, and that the judgment of the Circuit Court of Appeals for the Eighth Circuit may be reversed, and that your petitioner may be granted such other and further relief as may seem proper.

UNITED DRUG COMPANY,

By WILLIAM F. DAVIS, JR.,
DELOS G. HAYNES,
Counsel for Petitioner.

The undersigned hereby certify that the foregoing petition is in their opinion well-founded, and that the case is one in which petitioner's prayer should be granted by this Court.

WILLIAM F. DAVIS, JR.,
DELOS G. HAYNES,
Counsel for Petitioner.

## SUBJECT INDEX OF BRIEF.



### Cases Cited.

**Statutes, Etc., Cited.**